

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software
Development, Hardware Acquisition, or Quality Assurance**

Sec. 713 of Public Act 528 of 2002

(July 2, 2003)

Questions regarding this report may be directed to Jim Konrad, 517-373-0315

July 2, 2003

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B9000382 – Power Builder and Oracle Programmers
– Department of Information Technology

CONTRACT PERIOD: 03/01/99 through 12/31/03 (4 years, 11 months)

CONTRACTOR: **INCREASE**

Data Core Systems, Inc., Livonia, MI \$1,088,146.80

[X] Check if contract is extended - Length of time extended: 6 Months

DESCRIPTION OF PURCHASE:

Purpose/Business Case: The purpose of this contract is to provide technical resources to support Michigan Department of Transportation (MDOT) client/server environment using Power Builder development tools with an Oracle database. This extension request is needed in order to phase out the current vendor's (DataCore) employees and phase in the new vendor's (Keane) employees. This contract was re-bid and not awarded to the incumbent. The Governor's Office requested MDOT to develop a proposal for adding state employees and reducing the number of contract staff. The transition plan supports this proposal and is divided into two phases, which further clarify MDOT's approach to manage this change. Phase I represents the transition from Data Core Contractors to Keane contractors and Phase II is the transition from Data Core Contractors to State FTEs.

Benefit: This extension will allow for a smooth and functional transition of staff and knowledge to the new contractor and new state employees.

Commitment: Pricing is fixed hourly rate and strictly based on usage.

Risk Assessment: Due to early retirements, MDOT has become more reliant on contractor staff over the past few years. Today 46 systems are maintained using contractor staff with 91% (42) using all contractors. If this contract is not extended, there will be insufficient time to transfer knowledge to the new contractor and also to the new State FTEs who will be replacing 11 of the current contract positions. Without this transfer of knowledge, MDOT runs the risk of not being able to support mission critical system. In addition, if these systems are not available to support the design, development, and implementation of highway projects, the health and safety of citizens and/or visitors may be at risk.

Cost Reduction Consideration: Hourly rates were reduced by 10% resulting in \$182,000.00 savings to the State.

FUNDING: 100% Restricted Funds

PRICE CLAUSE: Prices to remain firm for the duration of the contract.

CS-138: 192S0002112

ORIGINAL CONTRACT AMOUNT: \$7,750,080.00

CURRENT CONTRACT AMOUNT: \$13,777,360.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$1,088,146.80

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 14%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 7%

ESTIMATED 03 FISCAL YEAR INCREASE: \$725,428.00

NEW TOTAL CONTRACT COST: \$14,865,506.80

☐ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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